# Vermont Mapping Program

The Vermont Mapping Program (VMP) is recognized as one of the oldest state orthophoto mapping programs in the United States. Vermont's program started orthophoto production in 1974 and continues with the writing of this report. While all towns in Vermont have two vintages of Orthophotos, some towns have three. An example, the towns in Chittenden County are available in 1978, 1988 and 1999 vintages.

A chart below shows the vintages of Orthophotos and future plans by county. However the production rarely allows a full county to be produced in one season, see map for more detail.

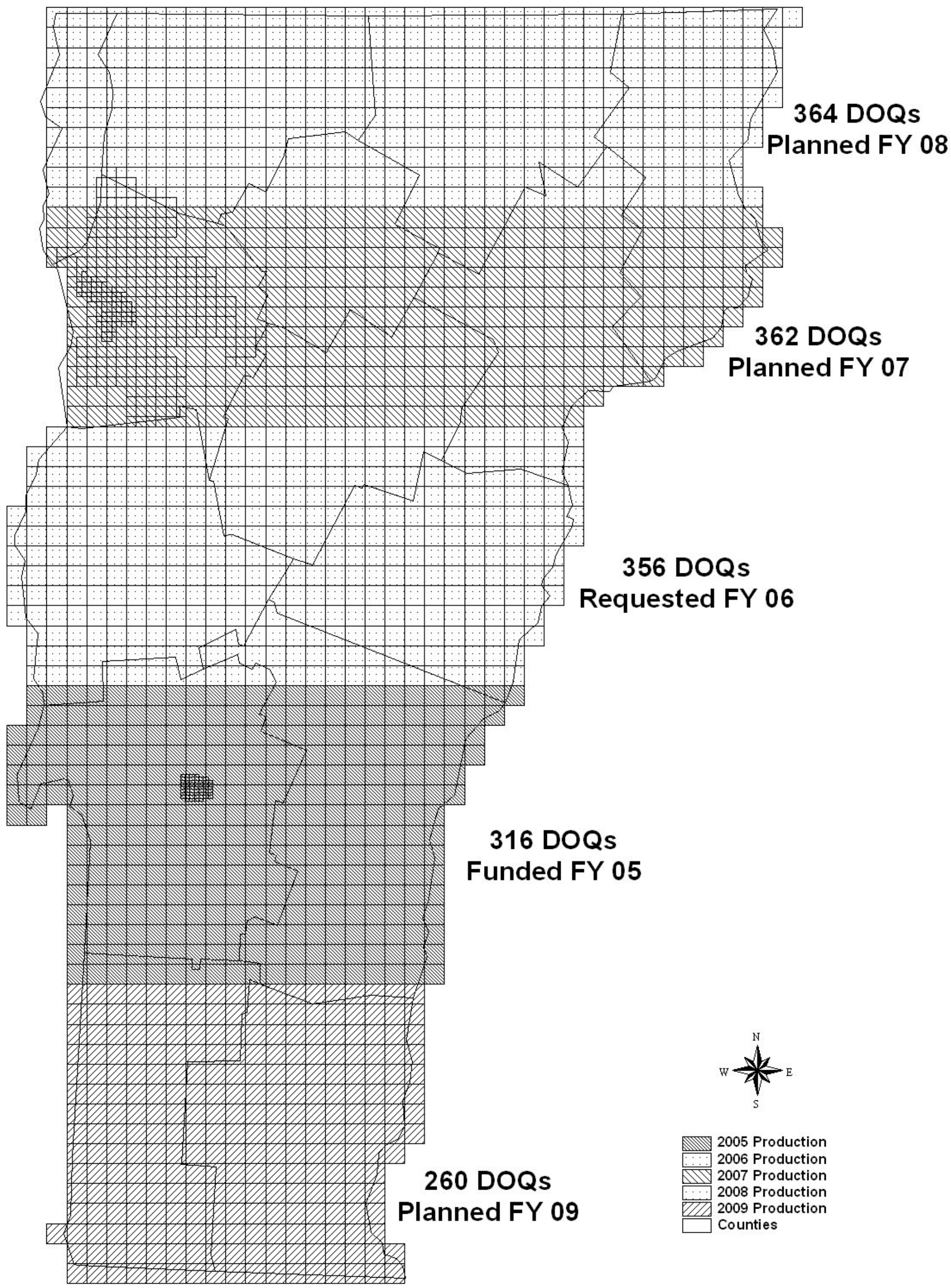
| County | Ortho #1 | Ortho #2 | Ortho #3 | Planned Update |
|---|---|---|---|---|
| Addison | 1978 | 1995 | | ***Requested FY-06*** |
| Bennington | 1974 | 1992 | 2000 | FY-09 |
| Caledonia | 1982 | 1999 | | FY-07 |
| Chittenden | 1978 | 1988 | 1999 | FY-07 |
| Essex | 1982 | 1999 | | FY-08 |
| Franklin | 1978 | 1995 | | FY-08 |
| Grand Isle | 1978 | 1995 | | FY-08 |
| Lamoille | 1979 | 1996 | | FY-07 |
| Orange | 1979 | 1998 | | ***Requested FY-06*** |
| Orleans | 1982 | 1999 | | FY-07/08 |
| **Rutland** | **1975** | **1994** | | **Funded** |
| Washington | 1979 | 1996 | | ***Requested FY-06*** |
| Windham | 1974 | 1989 | 2000 | FY-09 |
| **Windsor** | **1975** | **1994** | | **Funded** |

The Vermont Base Map Orthophotography exceeds National Map Accuracy standards, [90% of the points are within 10 feet of their true location]. This results in a product with the readability of an aerial photograph and the true scale of a map. This accuracy allows the orthophoto to be used in many mapping projects, i.e. parcels, wetlands, soils, planning, engineering studies, health analysis.

32 V.S.A. § 3409, states "the director shall supply to the clerk and to the Listers or assessors of each town such maps as to have been prepared by the director or the total area of that town." Based on § 3409, we deliver two sets of the new paper maps to all the towns completed with each update **AND** one set of CD-ROMs with all the Digital Orthophotography Quadrangles (DOQ) for that municipality. Each CD-ROM has a free software for viewing the digital Orthophotos. The reception of the DOQs has been very positive.

The DOQ is in a computer readable format. There are 1660 DOQs covering Vermont. Thus, we are creating a massive infrastructure file.

As with any type of map, the older the map, the more changes, and the overall use decreases and the clients look for other alternatives. The DOQs were started with Rutland and Windsor counties in 1994, and funded for updating in FY-05. Our plan as shown by the map, would allow future production of updated DOQs through Vermont within the next 5 years. We are in the process of selecting a contractor to generate the new DOQs with flights to occur in the spring of 2005. We have requested funding to advance the contract into Addison, Washington and Orange counties.
DOQ statewide will serve a great number of users - state and federal agencies, Regional Planning Commissions, engineers, surveyors, foresters, planners, environmentalists and many Vermont based businesses. We have sold many full sets of the DOQs: a few of the buyers are: Vermont Agency of Natural Resources, Health Dept., Emergency Management, Dept of Agriculture, VT
Agency of Transportation, US Army Corps of Engineers, USDA Natural Resources Conservation Service, University of Vermont, Middlebury College, Mt Holyoke College, Vermont Land Trust.




## Real Estate Transaction Taxes

In January 1998, the section of the Vermont Department of Taxes that is responsible for general fund real estate taxes was transferred to the Division of Property Valuation and Review. The tax programs transferred are: property transfer tax, land gains tax, real estate withholding and real estate withholding income tax. The idea driving this move is that the merger would enhance the state's role in the administration and enforcement of real estate taxation while also providing the public with " one stop shopping" to meet their needs relative to real estate taxation through a single office visit or phone call. Over the past years, this merger has led to the sharing of information and the pooling of resources to enhance our ability to administer these taxes and to serve the public more efficiently.

The following is a brief description of the four taxes combined into Property Valuation and Review:

## Property Transfer Tax

This is a tax on the transfer and recording by deed of real property in Vermont which is paid by the buyer. Many exemptions exist for non payment of the tax, but if a deed is to be recorded with the town, a Property Transfer Tax return must be filed even if no tax is due. Once filed, the town keeps a copy of the return, and sends the original to the department for processing. This return has vital information on the transfer that is coded and entered into a computer, for access by the department, professionals and the general public. Statistics are generated from this information to track real estate trends in the market which are used by various groups. The number of yearly returns filed with the department exceed 32,000 (taxable and non taxable) with an increase in paid returns from 17412 in FY 1999, to 22163 in FY 2004. One staff member is assigned to administer this tax.
Revenue from this tax per fiscal year is as follows:

2004 $33,951,657.38
2003 $27,537,340.83
2002 $25,015,560.85
2001 $21,377,070.64
2000 $20,934,846.51
1999 $19,212,224.00

## Land Gains

This is a tax on the gain from the sale or exchange of land that has been held for less than six years which is paid by the seller, though in certain circumstances this liability is transferred to the buyer. Exemptions do exist for non payment of the tax, but generally, if land is held for less than six years, the buyer is required to withhold 10% of the purchase price of the land and the seller is required to file a Land Gains tax return to report the sale. The withholding is used to pay any tax owed or the seller can avoid withholding by either obtaining a certificate from the department, or by paying the tax at closing. Though this tax does provide some revenue to the state, its main purpose is to discourage "speculation", the holding of land for a short period and than selling it at a profit. Thus the tax rate is on a sliding scale based on the sellers holding period and the percentage the gain bears to the basis. The longer your holding period and the smaller your percentage, the less tax you pay. The number of paid returns have increased from 545 in FY 1999, to 1983 in FY 2004. One staff member is assigned to administer this tax.
Revenue from this tax per fiscal year is as follows:

2004 $4,288,132.79
2003 $2,672,173.96
2002 $1,915,650.73
2001 $2,010,081.03
2000 $1,729,903.10
1999 $ 928,743.00

### Real Estate Withholding

This is a withholding tax on the sale or exchange of Real Estate by non residents of Vermont. The withholding is the responsibility of the buyer, but is a credit for the seller to be used on their income tax return. Gains from the sale of real estate are taxable to non- residents and the withholding is security to the state that an income tax return will be filed. The rate of withholding is 2.5% of the sales price. Certificates of reduced withholding are issued by the department, when the seller can establish no tax is due or that the 2.5% amount exceed the sellers maximum tax liability. Approximately 5600 returns are filed annually. One staff member is assigned to administer this tax.
Withholding revenue from this tax per fiscal year is as follows:
2004 $15,338,294.16

| | |
|---|---|
| 2003 | $12,548,210.27 |
| 2002 | $10,592,151.70 |
| 2001 | Incomplete Data |
| 2000 | $ 8,840,754.42 |
| 1999 | $ 8,670,834.00 |

## Real Estate Withholding Income Tax

This is a tax on income from capital gains on the sale of real estate by non residents. The withholding that occurred at sale, is a credit against this tax and any balance is refunded to the taxpayer. If the withholding is not enough to cover the liability, the taxpayer pays the difference. Real Estate Withholding and the corresponding income tax return, insure that non- residents pay their fair share of tax on Vermont real estate sales. Approximately 3000 income returns are filed annually. Revenue figures from this tax are unavailable, as they are part of the over all income tax figures. One staff member is assigned to administer this tax.

## 2004 Use Value Appraisal Program

In 1978 the legislature passed the Use Value Appraisal (Current Use) law allowing the valuation and taxation of farm and forest land based on its remaining in agricultural or forest use instead of its value in the market place. The primary objectives of the program were to keep Vermont's productive agricultural and forest land in production, help slow the development of these lands, and achieve greater equity in property taxation on undeveloped land. Benefits for land enrolled in the program were first distributed in local tax year 1980.

Since 1980, there have been many statutory changes to the Use Value Program. The most significant changes occurred with passage of the following acts: Act No. 220 (1984) which further defined "development" and requirements for managed forest land; Act No. 262 (1986) which added the "Farmland" program; Act No. 57 (1987) which significantly altered how the programs are administered, giving Property Valuation and Review major new responsibilities; and Act No. 200 (1988) which added the "Working Farm Tax Abatement Program."

A change in philosophy and objectives of the Use Value Program occurred with the addition of the Farmland and Working Farmland Tax Abatement Programs. These programs reduced the penalty for development and increased the benefits to owners who qualified as "farmers". The Working Farm Tax Abatement Program provided additional benefits on land and farm buildings. 100% of all taxes on farm buildings and the school taxes on the use value of enrolled land were eliminated. There was also a benefit cap per owner of $13,000.

The addition of these new programs was not well integrated with the original program and caused confusion on the part of landowners, listers, private and public foresters, county extension agents, attorneys, realtors, legislators, and state government. There were different requirements, definitions, eligibility criteria, benefits, forms, penalties for development for each program, and a single parcel of land could have portions enrolled in different programs. Because of this complexity, the administration of these programs was extremely difficult. Staffing levels were never adequate to keep pace with the four programs which became increasingly complex as parcels and landowners continued to change along with fluctuating enrollment levels. One simplified program was needed to solve these problems.

Act No. 178 (1996) created significant program changes. These included the shifting of program funding from the state to local municipalities. Towns taxed enrolled property at use value rather than fair market value. This reduced a town's grand list which resulted in an increase in the local tax rate. For the 1996 tax year, the legislature appropriated "hold harmless" funding. These funds were distributed to those non "Gold Towns" where the 1995 grand list reduction would have resulted in a 1995 tax rate increase exceeding 1.8 cents on their equalized grand list.

Another significant change included the repeal of the Farmland and Working Farm Tax Abatement programs. Landowners were provided the opportunity to transfer to one consolidated program or withdraw their entire parcel without penalty. The new program included the eligibility criteria and penalty provisions of the original use value appraisal program plus use value of farm buildings at 50% of fair market value. The land use change tax (or penalty for development of enrolled land) became payable to the town instead of the state. The $24.50 per acre benefit cap and the $13,000 per owner benefit cap were eliminated.

The 1997 legislature continued the amended use value appraisal program and made more changes through Act No. 60. These included reducing the farm building use value to 30% of fair market value beginning in the

1998 tax year and increasing the land use change tax to 20% of the prorated fair market value. All towns received full "hold harmless" reimbursement for 1997 based on 1996 enrollment (grand list reduction). With the implementation of Act 60 in the 1998 tax year, the funding of current use changed. For the impact on municipal taxes, the annual state payment to each town will be the amount necessary to limit its prior year tax rate increase to zero because of property listed at use value rather than fair market value. The impact on school taxes was spread to a statewide sharing of the program costs. The sharing results from the fact that town grand lists are reduced by the amount of the difference between the listed value of property and its use value. Thus, under Act 60, a town’s school tax liability is reduced proportionately to the exempted value (i.e., the difference between full listed value and use value). The result is that all towns with property in the use value program see a reduction in their school tax liability under the Act 60 funding mechanism. Through the above mechanisms, the entire fiscal impact of current use for Vermont municipalities was shifted from the town level to a statewide sharing of the cost of supporting the program.

Retroactive enrollment for 1996 and 1997 was provided for 234 parcels which did not transfer to the amended program by September 20, 1996. Only one half took advantage of this extended opportunity. Also, membership of the Current Use Advisory Board was increased to include a representative of local government, a select board member and a lister and it was required that 51% or more of the board and certain relatives cannot own land enrolled in the program.

Act No. 60 established a prohibition on fee hunting or fishing on enrolled land and directed the Current Use Advisory Board to develop a formula that incorporates forest land capitalized income value and acknowledges regional differences with any proposed change to be reported to the Legislature in the 1999 session.

Further, certain nonprofit qualifying organizations may now enroll any type of land at the forest land use value rate if the land has a conservation management plan approved by the Vermont Department of Forests, Parks and Recreation.

Act 140 (H.753) of the 2002 legislature made several changes to the program. The land use change tax (penalty) was reduced from 20% to 10% for land enrolled more than 10 years. Abatement of the land use change tax was expanded if a portion of a parcel was sold because of business hardship: any farmer may qualify. The subdivision of a parcel into parcels less than 25 acres with no penalty is allowed if the subdivided parcel remains qualified and is transferred to a relative who then applies for reenrollment within 30 days of the transfer. The program eligibility requirements were expanded to include parcels under 25 acres planted to fruit-producing bushes or vines not yet of bearing age (with no income requirement); or used for the production of animal fiber, wine, cider or cheese (with income requirement). An application deadline grace period of four months is allowed to a farmer who was prevented from applying for current use enrollment by severe illness. The required filing of the forestland annual conformance report was changed to a forest management activity report only required when management activity occurs.

The 2003 legislature exempted the value of enrolled farm buildings from both municipal and school taxes beginning with the 2003 tax year. Effective with the 2004 tax year, the definition of farm buildings was expanded to include dwellings in use during the preceding tax year exclusively to house farm employees and their families as a nonmonetary benefit of the farm employment. The land use change tax (penalty for development of enrolled land) became payable to the state instead of the town for any development occurring after July 1, 2003.

**Farmland/Agricultural/Forest Land Acres and Reimbursement**

| Tax Year | Farmland | Ag | Forest | Total | Reimbursement | Proration |
|---|---|---|---|---|---|---|
| 1980 | | 11,900 | 108,000 | 119,900 | $ 400,466 | 100% |
| 1981 | | 20,500 | 219,000 | 239,500 | 799,930 | 100% |
| 1982 | | 26,000 | 270,000 | 296,000 | 1,000,480 | 100% |
| 1983 | | 43,000 | 386,000 | 429,000 | 1,501,500 | 100% |
| 1984 | | 97,032 | 453,000 | 550,032 | 2,117,623 | 100% |
| 1985 | | 159,000 | 527,000 | 686,000 | 2,963,520 | 100% |
| 1986 | | 195,311 | 607,120 | 802,431 | 3,971,522 | 100% |
| 1987 | 296,167 | 160,118 | 668,323 | 1,124,608 | 6,258,899 | 100% |
| 1988 | 312,964 | 170,281 | 772,954 | 1,256,199 | 7,359,895 | 100% |
| 1989 | 164,901 | 124,404 | 818,606 | 1,107,911 | 7,569,233 | 100% |
| 1990 | 144,572 | 128,140 | 859,972 | 1,132,684 | 8,369,978 | 100% |
| 1991 | 129,060 | 128,301 | 884,771 | 1,142,132 | 6,725,364 | 80% |
| 1992 | 119,253 | 137,454 | 844,310 | 1,101,017 | 6,347,582 | 77% |
| 1993 | 101,277 | 133,130 | 826,913 | 1,061,320 | 5,194,005 | 62% |
| 1994 | 89,100 | 137,571 | 893,547 | 1,120,218 | 5,328,015 | 59% |
| 1995 | 83,368 | 140,069 | 904,695 | 1,128,132 | 6,226,286 | 68% |
| 1996 | | 446,248 | 965,942 | 1,412,190 | 8,400,000 | |
| 1997 | | 447,674 | 997,430 | 1,445,104 | 13,319,667 | |
| 1998 | | 457,960 | 1,046,853 | 1,504,813 | 3,325,889 | |
| 1999 | | 466,439 | 1,110,545 | 1,576,984 | 3,879,482 | |
| 2000 | | 476,104 | 1,153,067 | 1,629,171 | 4,214,080 | |
| 2001 | | 481,526 | 1,287,262 | 1,768,788 | 4,635,075 | |
| 2002 | | 485,466 | 1,335,960 | 1,821,426 | 5,115,565 | |
| 2003 | | 492,521 | 1,388,061 | 1,880,582 | 5,755,518 | |
| 2004* | | 507,074 | 1,442,103 | 1,949,177 | 6,402,346 | |
| (*Enrollment to date) | | | Subtotal Farmland/Ag/Forest | | $127,181,920 | |

**Working Farm Tax Abatement Program Acres and Reimbursement**

| Tax Year | Farm | Forest | Total | Reimbursement | Proration |
|---|---|---|---|---|---|
| 1989 | 205,823 | 42,872 | 248,695 | $ 3,530,927 | 100% |
| 1990 | 230,979 | 48,823 | 279,802 | 4,086,562 | 100% |
| 1991 | 244,016 | 50,696 | 294,712 | 3,494,945 | 80% |
| 1992 | 241,449 | 48,888 | 290,337 | 3,306,092 | 77% |
| 1993 | 237,626 | 50,283 | 287,909 | 2,736,528 | 62% |
| 1994 | 253,977 | 53,516 | 307,493 | 2,937,352 | 59% |
| 1995 | 255,703 | 55,031 | 310,734 | 3,497,557 | 68% |
| | | Subtotal | WFTAP | $23,589,963 | |
| | | Grand Total | | $150,771,883 | |

With the 2004 tax year, 56.9% of the potentially eligible agricultural land and 36.5% of the potentially eligible forest land is now enrolled. The combined enrolled land represents 31.7% of the total land area of the state.

| | Parcels | Owners |
|---|---|---|
| 1987 | 6,602 | 5,028 |
| 1988 | 7,476 | 5,857 |
| 1989 | 8,393 | 6,381 |
| 1990 | 8,970 | 6,875 |
| 1991 | 9,235 | 7,140 |
| 1992 | 8,949 | 6,955 |
| 1993 | 8,708 | 6,692 |
| 1994 | 9,218 | 7,096 |
| 1995 | 9,329 | 7,197 |
| 1996 | 9,175 | 7,111 |

| | Parcels | Owners |
|---|---|---|
| 1997 | 9,494 | 7,336 |
| 1998 | 9,973 | 7,733 |
| 1999 | 10,549 | 8,182 |
| 2000 | 11,076 | 8,635 |
| 2001 | 11,546 | 9,020 |
| 2002 | 12,003 | 9,403 |
| 2003 | 12,553 | 9,851 |
| 2004* | 13,201 | 10,396 |

(*Enrollment to date)

Program cost and growth were curtailed primarily due to underfunding of the program in tax years 1991 through 1995 and with enrollment moratoriums in tax years 1992 and 1993. For the first time in the history of current use appraisal, landowners were allowed to withdraw their parcels without further obligation or penalties if they did not wish to receive use value benefits at 80%(1991), 77%(1992), 62%(1993), 59%(1994), and 68%(1995) of what they would normally receive if the programs were fully funded. The same opportunity was provided for 1996 and 1997 because of significant program changes.

| No Fault Withdrawals | Parcels | Ag Acres | Forest Acres | Total Acres |
|---|---|---|---|---|
| 1991 | 365 | 13,299 | 29,872 | 43,171 |
| 1992 | 202 | 7,610 | 20,203 | 27,813 |
| 1993 | 166 | 8,423 | 11,632 | 20,055 |
| 1994 | 203 | 6,910 | 16,939 | 23,849 |
| 1995 | 158 | 5,718 | 15,228 | 20,945 |
| 1996 | 357 | 24,534 | 19,862 | 44,396 |
| 1997 | 271 | 10,321 | 20,049 | 30,370 |

## Land Use Change Tax

The land use change tax assessed for development of land participating in the use value appraisal program for the twelve month period January 1 to December 31, 2004 totaled $700,839. The total tax assessed ranged from $6.20 to $24,853.00 for landowners who either developed or wished to clear title of the lien for 4,602 acres.

## Participant Tax Savings

Landowners with land and farm buildings enrolled for tax year 2004 enjoyed a total statewide savings of approximately $28.9 million as compared to $28.1 million for 2003. The increase in total savings reflects the additional savings associated with a net increase of 68,600 acres and 350 units of farm employee housing enrolled as farm buildings for the first time in 2004.

# History of Use Values - 1980 to 2005

The Current Use Advisory Board (CUAB) is charged with adopting rules, providing administrative oversight and establishing use values for the use value appraisal program. Beginning in 1980, the CUAB developed a number of site classifications for both agricultural and forest land based upon their productive capacity and income producing capability. A use value was determined for each classification. The historical table of use values illustrates the changes made over the 17 year period of the current use program.

In 1981 the CUAB changed the use value for forest land greater than a mile from a class one, two or three road to 75% of full use value. This change considered the greater management costs associated with remote acreage.

A 1992 change resulted in one value being established for both productive and nonproductive land in both the agricultural and forest categories.

Annually the Current Use Advisory Board meets to review statistical data presented by the Departments of Agriculture and Forests, Parks and Recreation for use in establishing the respective use values. The net annual stumpage value per acre is determined for forest land and the five year average production return per acre is determined for agricultural land. These values are then capitalized at different discount rates as decided by the board to arrive at the respective use values.

**History of Use Values Established by the Current Use Advisory Board**
**32 V.S.A., Section 3754**

| | Agricultural Land | | | | | Forest land | | | | Forest land > Than a Mile from Road | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | T1 | T2 | T3 | NT | NP | S1 | S2 | S3 | S4 | S1 | S2 | S3 | S4 |
| 1980* | 435 | 290 | 145 | 40 | 5 | 100 | 60 | 20 | 5 | 100 | 60 | 20 | 5 |
| 1981 | 435 | 290 | 145 | 40 | 5 | 100 | 60 | 20 | 5 | 75 | 45 | 15 | 4 |
| 1982 | 435 | 290 | 145 | 40 | 5 | 100 | 60 | 20 | 5 | 75 | 45 | 15 | 4 |
| 1983 | 490 | 325 | 160 | 50 | 10 | 100 | 60 | 20 | 10 | 75 | 45 | 15 | 8 |
| 1984 | 400 | 265 | 135 | 40 | 10 | 100 | 60 | 20 | 10 | 75 | 45 | 15 | 8 |
| 1985 | 310 | 200 | 100 | 30 | 10 | 100 | 60 | 20 | 10 | 75 | 45 | 15 | 8 |
| 1986 | 310 | 200 | 100 | 30 | 10 | 100 | 60 | 20 | 10 | 75 | 45 | 15 | 8 |
| 1987 | 310 | 200 | 100 | 30 | 10 | 100 | 60 | 20 | 10 | 75 | 45 | 15 | 8 |
| 1988 | 310 | 200 | 100 | 30 | 10 | 100 | 60 | 20 | 10 | 75 | 45 | 15 | 8 |
| 1989** | | 115 | | | 10 | | | 65 | 10 | | 49 | | 8 |
| 1990 | | 115 | | | 10 | | | 65 | 10 | | 49 | | 8 |
| 1991 | | 192 | | | 10 | | | 82 | 10 | | 62 | | 10 |
| 1992*** | | 192 | | | | | | 79 | | | 59 | | |
| 1993 | | 192 | | | | | | 79 | | | 59 | | |
| 1994 | | 192 | | | | | | 79 | | | 59 | | |
| 1995 | | 192 | | | | | | 97 | | | 73 | | |
| 1996 | | 192 | | | | | | 89 | | | 67 | | |
| 1997 | | 215 | | | | | | 89 | | | 67 | | |
| 1998 | | 254 | | | | | | 96 | | | 72 | | |
| 1999 | | 204 | | | | | | 97 | | | 73 | | |
| 2000 | | 204 | | | | | | 98 | | | 74 | | |
| 2001 | | 210 | | | | | | 103 | | | 77 | | |
| 2002 | | 201 | | | | | | 105 | | | 79 | | |
| 2003 | | 195 | | | | | | 112 | | | 84 | | |
| 2004 | | 175 | | | | | | 114 | | | 86 | | |
| 2005 | | 122 | | | | | | 120 | | | 90 | | |

Classification: T1 - Tillable I T2 - Tillable 2 T3 - Tillable 3 NT - Nontillable
NP - Nonproductive S1 - Site I S2 - Site II S3 - Site III S4 - Site IV (Nonproductive)

* - Use values established for each individual site classification.
** - Site classifications combined and one use value established for agricultural land and forest land with a separate value for nonproductive land.
*** - One use value established for both productive and nonproductive agricultural land and forestland.